

FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE

MEETING SUMMARY

AUGUST 9, 2004 ~ ROCHESTER, NY

INTRODUCTION

The Federal Energy Management Advisory Committee (FEMAC) held a public meeting on August 9, 2004, in conjunction with Energy 2004 (August 8-11) at the Rochester Convention Center in Rochester, NY. FEMAC was established by *Executive Order 13123 – Greening the Government through Efficient Energy Management* to provide input to the Secretary of Energy on energy management, including how to improve the use of Energy Savings Performance Contracts, and utility energy efficiency service contracts, improve procurement of ENERGY STAR® and other energy efficient products, improve building design, reduce process energy use, and enhance applications of efficient and renewable energy technologies at Federal facilities.

The Department of Energy's (DOE) Office of Federal Energy Management Programs (FEMP) coordinates the advisory committee; Rick Klimkos, of FEMP serves as FEMAC's Designated Federal Official. Brian Henderson of the New York State Energy Research and Development Authority (NYSERDA), chairs the committee. The advisory committee membership represents a cross-section of interests and experience in the energy field.

[Attachment A](#) Meeting Summary

[Attachment B](#) Public Meeting Flyer

[Attachment C](#) Participants

[Attachment D](#) Public Meeting Comments

ATTACHMENT A

MEETING SUMMARY

OPENING COMMENTS

- Mr. Henderson opened the meeting by welcoming FEMAC members, FEMP staff, and Energy 2004 meeting participants. In his remarks, he pointed out that the FEMAC public meetings (refer to Attachment B for August 9th public meeting flyer) provides a forum for obtaining public and private sector input on achieving Federal energy management goals. FEMAC operates according to procedures established by the *Federal Advisory Committee Act (FACA)*.

Mr. Henderson summarized FEMAC's 2004 accomplishments:

- Two FEMAC working groups held meetings this year to address pressing issues:
- Energy Service Performance Contract (ESPC) Working Group – the group drafted a report describing the benefits of using ESPCs to finance Federal energy management projects.
- Performance and Measurements Working Group – the group is examining FEMP's options for improving the program's performance metrics.
- FEMAC conducted a public meeting on June 9 in Washington D.C. At the meeting, FEMAC approved *Resolution 04-01*, which recommends the immediate and permanent reauthorization of ESPCs. The resolution was based on the draft ESPC report.
- FEMAC Chair Brian Henderson sent a letter in July 2004, to Secretary of Energy Spencer Abraham commending him for his support of the ESPC program along with a copy of the FEMAC-approved *Resolution 04-01*.

FEMAC ESPC WORKING GROUP

Cyndi Vallina, a FEMAC member and an Office of Management and Budget (OMB) official provided an update on ESPC Working Group activities.

- The ESPC working group prepared a draft report describing the benefits of using ESPCs to finance Federal energy management projects. Brian Henderson, Dr. Get Moy from Department of Defense, Mark Wagner from Johnson Controls, Linda Mesaros from Mesaros Consulting, Tatiana Strajnic

from FEMP, Patrick Hughes from Oak Ridge National Laboratory, and a number of others helped draft the ESPC report.

- The working group plans to divide the analysis within the next couple of weeks into two draft volumes. The first volume will summarize the importance of ESPCs to the government and request the Secretary of Energy's support to achieve the immediate reauthorization of the ESPC program. The second volume will provide recommendations to enhance the management of the ESPC program. The full advisory committee approved the motion to develop the two volumes at the August 9 public meeting.

PUBLIC COMMENTS

Refer to Attachment D for a summary of questions and responses.

CLOSING COMMENTS

Mr. Henderson concluded the public meeting and thanked members for their participation (Refer to Attachment F for public meeting comments). In his closing remarks, he summarized FEMAC priorities:

- Promote the continuation of the good work and progress of the ESPC working group

To all *Energy 2004* Participants

The Federal Energy Management
Advisory Committee (FEMAC)

invites you to

join your colleagues in an open discussion about
your concerns, experiences, and ideas for
enhancing energy management in the Federal
sector.

When: Monday, August 9, 6:00 p.m. to 7:30 p.m.

Where: Rochester Riverside Convention Center,
“Highland” A/K meeting room

FEMAC was established by *Executive Order 13123– Greening the Government through Efficiency Energy Management*. The committee examines a wide range of energy management issues and technologies affecting the Federal sector and provides independent input to the Secretary of Energy.

For more information about FEMAC, visit www.eere.energy.gov/femp/about/femac.cfm

ATTACHMENT C

FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE

PUBLIC MEETING PARTICIPANTS

MEMBERS PRESENT

Mr. Brian Henderson, Chair,
New York State Energy Research and Development Authority

Mr. David Dykes, *Southern Company*

Mr. Richard Earl, *PB Facilities, Inc.*

Mr. Erbin Keith, *Sempra Energy Solutions*

Ms. Vivian Loftness, *Carnegie Mellon University*

Ms. Anne Marie McShea, *The Center for Resource Solutions*

Dr. Get Moy, *Office of the Deputy Under Secretary of Defense*

Ms. Mary Palomino, *Salt River Project*

Mr. James Rispoli, *Department of Energy*

Ms. Cynthia Vallina, *Office of Management and Budget*

INVITED PARTICIPANT

Mr. Terrel Emmons, *Office of the Architect of the Capitol*

MEMBERS NOT PRESENT

Mr. Jared Blum, *Polyisocyanurate Insulation Manufacturers Association*

DEPARTMENT OF ENERGY OFFICIALS

Rick Klimkos, *Federal Energy Management Program (Federal Designated Official)*

Schuyler Schell, *Federal Energy Management Program, Acting Director*

Tatiana Strajnic, *Federal Energy Management Program*

Alison Thomas, *Federal Energy Management Program*
Will Prue, *FEMP Federal Energy Management Program*
Arun Jhaveri, *DOE Western Regional Office*
Doug Culbreth, *Southeast Regional Office*
Tom Hattery, *Mid-Atlantic Regional Office*
Warren Zurn, *Southeast Regional Office*
Claudia Marchione, *Mid-Atlantic Regional Office*
Cheri Sayer, *Western Regional Office*
Paul King, *Northeast Regional Office*
Seth Waly,
Tim Scaulon, *Bonneville Power*

NATIONAL LABORATORY REPRESENTATIVES

Kim Fowler, *Pacific Northwest National Laboratory*
Dale Sartor, *Lawrence Berkeley National Laboratory*
Mary Colvin, *National Renewable Energy Laboratory*
Doug Dahle, *National Renewable Energy Laboratory*
Patrick Hughes, *Oak Ridge National Laboratory*

PUBLIC PARTICIPANTS

Mark Bowen, *Honeywell*
Richard Brent, *Solar Turbines*
Bill Eisele, *SCE&G*
Richard Eppley, *Hayes & Co*
Gene Foley, *Emon*
Chanda Joshi, *DHS-Coast Guard*
Mike Lyons, *Honeywell*

Shawn O'Neil, *PB Dewberry*

Kevin McDonough, *Honeywell Utility Solutions*

Linda Mesaros, *Mesaros Associates Inc.*

Jeff Rud, *Trane*

Beth Shearer, *Beth Shearer & Associates*

Dennis Talton, *Navy*

Larry Tangel, *Enercon Eng.*

Seema Vyas, *Energetics Inc.*

Mary-Lynn Wrabel, *Energetics Inc.*

Sergeant Terence G. Wright, *Air Force Reserve*

ATTACHMENT D

Public Meeting Comments

FEMAC Questions and Answers

What was the Secretary of Energy's response to the letter on ESPCs and the FEMAC approved resolution 04-01?

No formal response has been received from the Secretary of Energy. The letter commends the Secretary for his support for promoting ESPCs in Congress and conveys FEMACs support for the reauthorization of the ESPC program as an independent body.

What are the impacts of not reauthorizing ESPCs?

Failure to reauthorize ESPC can result in loss of momentum in implementing alternative financing options across the board. Currently, energy projects financed without an ESPC have limited financial support, greater risks, and limited policy options.

How can we promote the ESPC program?

Education is vital to promoting the ESPC program. To educate and inform users, FEMP conducts an ongoing outreach program to educate Federal officials about the ESPC program.

In addition, LBNL developed a database containing 25,000 ESCO projects in Federal facilities providing energy savings and measurement and verification (M&V) data. Data contains ESPC project information received from FEMP, state agencies, and other voluntary submissions. The data indicates the following information and/or trends:

- During the past decade, a total of \$1.6 billion was invested in ESPC projects
- All Super ESPC projects conducted to date account for over half of the projects in the database
- All projects describe the M&V methods used
- Each project resulted in at least 1 year of savings
- Federal costs per project averaged \$2 per square foot
- Institutional market cost per project averaged \$3 per square foot
- Payback period for the Federal government is approximately 8 years
- Payback period for the institutional market is approximately 9 years

The database displays trends according to the market and portrays the Federal market positively. Furthermore, data indicates that FEMP plays a critical role in implementing ESPCs as a result of the program's technical assistance services and FEMP can use this data for developing performance metrics.

A paper describing the information and trends provided by the database will be submitted to the American Council for an Energy Efficient Economy

What is DOD's experience in Federal Real Property Management?

During the last two years, the Office of Federal Real Property Management reduced emphasis on A-76 outsourcing as a result of OMB's Circular A-76. The circular establishes Federal policy regarding the performance of commercial activities and provides procedures (cost comparison) for determining whether commercial activities should be performed under contract with commercial sources or in-house using government personnel.

The issue of scoring has also affected the appeal of the ESPC program. The ESPC program was never "scored" in terms of cost to the government. However, pending comprehensive energy legislation scores the program. Under new OMB scoring rules, only program obligations are scored; the scoring process does not take into account ESPC project-related cost savings.

What are the ESCOs views on greater acceptance of performance financing?

Overall, alternative financing options for implementing energy contracts are limited. Possible strategies for alternative financing include evaluating additional financing programs, standardizing financial options, and developing an energy bank.

The ESPC report covers strategies for reducing financing costs. A section of the report includes the ESPC impact on achieving energy goals, cost savings, verified delivery of guaranteed savings, life-cycle cost-effectiveness, equipment pricing, and financing costs. The report also covers a discussion of lessons learned, progress to date, and options for improvements to Federal ESPC programs and practices. Options include M&V, maintenance, and improved financing. Options for improving Utility Energy Service Contracts (UESCs) are also covered in this report. The ESPC report can evaluate and discuss in detail other alternative financing options, if required.

What are some of the challenges FEMAC can address?

- Develop appropriate M&V strategies for ESPCs
 - Support the use of sub-metering across the Federal Government
- Review other alternative financing programs besides ESPCs
 - Analyze standardizing alternative financing based on energy technologies

- Separate financing from contracting by developing a Federal Energy Bank
- Advance the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) standard. Strategies include:
 - If a building is already LEED certified an ESPC can be used to upgrade the facility with a higher LEED standard.
 - Promote LEED energy requirements across the Federal sector.
 - Promote the *Whole Building Design Guide*
- Examine the idea of developing a clearing house to monitor and reward emission credits resulting from implementing energy efficiency measures
- Work towards executive order requirements on Federal Real Property Management
- Assist the Federal Real Property Council's Committee on Performance Metrics
- Promote the FEMP program, in lieu of recent budget cuts. Possible suggestions include:
 - Communicate with the DOE Secretary the importance and necessity of the FEMP program
 - Develop performance measures on the FEMP program
 - The Federal Real Property Council's Committee on performance Metrics is in the process of developing metrics. The council scores each agency according to a variety of focus areas by measuring a series of metrics. Energy efficiency is a possible metric for measuring

Within the Federal Government, is there a clearing house for emission credits?

Currently, there is no clearinghouse for emission credits within the Federal Government and there are no comprehensive ongoing programs accounting for environmental liability and emission credits at DOD. However, DOD mandates clean financial statements. The *Executive Order on Federal Real Property Management* has three committees: acid management, inventory management and performance management. The executive order may eventually result in an emission credit clearinghouse throughout the Federal Government.

Do all Federal agencies implement LEED?

Federal agencies can achieve a LEED certification without implementing energy requirements from the LEED standards. However, not all Federal agencies adopt LEED. Approximately nine agencies, including the General Services Administration (GSA) adopt the LEED standard with additional energy efficiency requirements. FEMAC currently does not, but can play a role in advising DOE whether or not Federal agencies should be required to adopt key energy requirements from the LEED standard. Implementing a LEED standard across all Federal agencies would be difficult because each agency consists maintains different building types and engineering communities. The Federal Government developed the *Whole Building Design Guide (WBDG)*, which incorporates and parallels LEED. However, unlike LEED, the WBDG is not a certification program.